



Claire McCaskill

Missouri State Auditor

August 2005

Daviess County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Daviess, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Daviess County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county continues to significantly overestimate the amounts budgeted for expenditures of the Special Road and Bridge Fund. During the years ended December 31, 2004 and 2003, budgeted expenditures exceeded actual expenditures by \$1,141,722 and \$858,550, respectively. Such budgeting procedures do not allow for proper monitoring and use of the budget as a management tool and has also allowed the county to over transfer monies to the General Revenue Fund. While the county changed its transfer policy in 2002, of the \$51,300 over transfer, \$4,900 related to the past three years.
- The county apparently has not monitored the level of bank activity, resulting in insufficient collateral securities being pledged to cover the county's deposits on December 31, 2004 and 2003, respectively.
- As similarly noted in prior audit reports, minutes were not maintained for closed meetings of the county commission, which is now required by law.
- Health Center procedures related to capital assets, acknowledgement of receipt of goods and services, and the petty cash fund are in need of improvement. In addition, timesheets are not signed by employees and the approval of employees' timesheets is not documented.
- The Developmentally Disabled Board could not locate minutes for five board meetings and did not adequately maintain documentation for bid selections or to support all expenditures.
- The Central Dispatch for Emergency Services (CDES) Board's closed meeting minutes lacked sufficient detail of matters discussed and actions taken. Additionally, employee timesheets are not approved and signed by a supervisor, the 911 supervisor is not completing a timesheet, capital asset records are not maintained and property tags are not affixed to all assets.

(over)

YELLOW SHEET

Also included in the audit were recommendations related to townships' published financial statements, the county's capital assets, and Sheriff's controls and procedures.

All reports are available on our website: www.auditor.mo.gov

DAVIESS COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Daviess County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Daviess County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Daviess County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Daviess County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 21, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Daviess County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

April 21, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Tania Williams
	Naima Ramlatchman
	Alvin L. Cochren, Jr.
	Christopher L. Holder



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Daviess County, Missouri

We have audited the financial statements of various funds of Daviess County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Daviess County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Daviess County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Daviess County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

April 21, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

DAVISS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,043,443	829,980	721,118	1,152,305
Special Road and Bridge	640,707	1,079,560	1,044,082	676,185
Assessment	24	121,795	121,777	42
Law Enforcement Sales Tax	3,472	400,503	365,570	38,405
Law Enforcement Training	3,631	4,234	3,460	4,405
Prosecuting Attorney Training	191	1,051	733	509
Law Enforcement Training POST	1,428	2,828	2,806	1,450
Sheriff Civil Fee	8,689	9,115	11,219	6,585
Jail Capital Improvement	263,932	4,076	0	268,008
Domestic Violence	45	286	316	15
Prosecuting Attorney Check Processing	2,200	5,615	5,282	2,533
Election Services	2,747	1,084	2,405	1,426
Jackson Township Grant Maintenance	46,293	12,515	0	58,808
Local Emergency Planning Committee	7,064	5,141	5,333	6,872
Recorder's User Fees	35,389	5,692	6,508	34,573
Recorder Technology Fund	8,022	3,574	0	11,596
Care Center Lease	239,432	3,951	0	243,383
Health Care Reserve	38,657	291	0	38,948
Frazier Trust	15,819	250	445	15,624
Sheriff Forfeiture	642	7	0	649
Mays Estate	15,392	251	3,270	12,373
Prosecuting Attorney Delinquent Tax	2	0	0	2
Collector's Tax Maintenance	8,650	9,059	2,349	15,360
Prosecuting Attorney Forfeitures	292	3	0	295
Cannon	0	35,832	25,230	10,602
Health Center	248,366	416,714	367,599	297,481
Central Dispatch Emergency Services	370,643	264,023	239,277	395,389
Developmentally Disabled	164,759	80,382	72,853	172,288
Circuit Clerk Interest	6,236	552	24	6,764
Associate Circuit Interest	3,154	1,983	120	5,017
Election HAVA	0	15,033	0	15,033
Law Enforcement Block Grant	0	9,070	9,069	1
Law Library	1,340	4,000	3,660	1,680
Total	\$ 3,180,661	3,328,450	3,014,505	3,494,606

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DAVIESS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 815,997	907,672	680,226	1,043,443
Special Road and Bridge	750,742	896,021	1,006,056	640,707
Assessment	(8,608)	127,417	118,785	24
Law Enforcement Sales Tax	45,635	349,735	391,898	3,472
Law Enforcement Training	5,131	4,015	5,515	3,631
Prosecuting Attorney Training	350	1,097	1,256	191
Law Enforcement Training POST	1,403	2,161	2,136	1,428
Sheriff Civil Fee	7,056	11,598	9,965	8,689
Jail Capital Improvement	356,364	7,568	100,000	263,932
Domestic Violence	339	353	647	45
Prosecuting Attorney Check Processing	1,299	5,594	4,693	2,200
Election Services	4,297	1,057	2,607	2,747
Jackson Township Grant Maintenance	40,518	5,775	0	46,293
Local Emergency Planning Committee	2,249	9,282	4,467	7,064
Recorder's User Fees	32,753	5,844	3,208	35,389
Recorder Technology Fund	4,524	3,498	0	8,022
Care Center Lease	235,788	3,644	0	239,432
Health Care Reserve	37,275	1,702	320	38,657
Frazier Trust	15,483	336	0	15,819
Sheriff Forfeitures	635	7	0	642
Mays Estate	15,064	328	0	15,392
Prosecuting Attorney Delinquent Tax	2	0	0	2
Collector's Tax Maintenance	0	8,650	0	8,650
Prosecuting Attorney Forfeitures	288	4	0	292
Health Center	171,284	432,304	355,222	248,366
Central Dispatch Emergency Services	392,643	239,822	261,822	370,643
Developmentally Disabled	150,244	77,423	62,908	164,759
Circuit Clerk Interest	9,807	3,191	6,762	6,236
Associate Circuit Interest	1,609	1,798	253	3,154
Law Library	802	3,865	3,327	1,340
Total	\$ 3,090,973	3,111,761	3,022,073	3,180,661

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DAVIESS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 4,039,576	3,298,364	(741,212)	3,480,962	3,106,772	(374,190)
DISBURSEMENTS	4,883,913	3,001,656	1,882,257	4,416,950	3,015,058	1,401,892
RECEIPTS OVER (UNDER) DISBURSEMENTS	(844,337)	296,708	1,141,045	(935,988)	91,714	1,027,702
CASH, JANUARY 1	3,181,117	3,176,167	(4,950)	3,039,557	3,079,557	40,000
CASH, DECEMBER 31	2,336,780	3,472,875	1,136,095	2,103,569	3,171,271	1,067,702
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	230,000	232,272	2,272	217,600	220,513	2,913
Sales and use taxes	235,000	257,934	22,934	247,500	231,343	(16,157)
Intergovernmental	67,250	76,217	8,967	70,000	62,272	(7,728)
Charges for services	116,250	121,630	5,380	89,575	124,102	34,527
Interest	13,500	14,363	863	15,000	13,645	(1,355)
Other	121,000	127,564	6,564	117,730	121,611	3,881
Transfers in	29,000	0	(29,000)	34,186	134,186	100,000
Total Receipts	812,000	829,980	17,980	791,591	907,672	116,081
DISBURSEMENTS						
County Commissioner	79,964	78,854	1,110	77,840	77,430	410
County Clerk	71,344	66,266	5,078	71,321	64,717	6,604
Elections	48,200	45,992	2,208	24,540	11,971	12,569
Buildings and grounds	98,650	56,329	42,321	141,117	106,389	34,728
Employee fringe benefit	52,880	46,505	6,375	49,000	43,187	5,813
County Treasurer	48,017	45,405	2,612	58,431	45,069	13,362
Ex Officio County Collector	5,000	1,390	3,610	2,800	1,285	1,515
Recorder of Deeds	55,164	53,910	1,254	54,370	53,651	719
Circuit Clerk	3,600	2,919	681	2,950	2,954	(4)
Associate Circuit Court	17,120	12,460	4,660	20,500	11,559	8,941
Court administration	15,849	9,702	6,147	14,351	6,609	7,742
Public Administrator	19,379	18,478	901	17,301	17,243	58
Jail	115,000	88,271	26,729	40,000	21,835	18,165
Prosecuting Attorney	94,088	84,700	9,388	90,890	80,616	10,274
Juvenile Officer	9,569	4,885	4,684	9,699	5,537	4,162
County Coroner	20,923	20,014	909	20,388	16,466	3,922
Insurance	20,000	23,768	(3,768)	17,000	15,827	1,173
University Extension	27,000	20,000	7,000	20,000	20,000	0
Litigation	20,000	1,146	18,854	15,000	284	14,716
Public health and welfare service	1,500	350	1,150	1,000	803	197
Other	31,650	16,324	15,326	31,550	16,294	15,256
Transfers out	50,953	23,450	27,503	33,500	60,500	(27,000)
Emergency Fund	100,000	0	100,000	100,000	0	100,000
Total Disbursements	1,005,850	721,118	284,732	913,548	680,226	233,322
RECEIPTS OVER (UNDER) DISBURSEMENTS	(193,850)	108,862	302,712	(121,957)	227,446	349,403
CASH, JANUARY 1	1,043,443	1,043,443	0	815,997	815,997	0
CASH, DECEMBER 31	849,593	1,152,305	302,712	694,040	1,043,443	349,403

Exhibit B

DAVIESS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Intergovernmental	1,804,500	1,064,180	(740,320)	1,380,000	871,695	(508,305)
Interest	10,000	7,439	(2,561)	20,000	12,083	(7,917)
Other	7,000	7,941	941	22,500	12,243	(10,257)
Total Receipts	1,821,500	1,079,560	(741,940)	1,422,500	896,021	(526,479)
DISBURSEMENTS						
Salaries	120,000	92,927	27,073	120,000	84,000	36,000
Employee fringe benefit	32,200	24,237	7,963	30,200	19,793	10,407
Supplies	23,500	13,864	9,636	22,500	14,868	7,632
Insurance	9,300	7,469	1,831	8,300	7,883	417
Road and bridge materials	594,000	474,418	119,582	582,000	497,175	84,825
Equipment repairs	20,000	6,119	13,881	20,000	13,400	6,600
Rentals	2,000	0	2,000	2,000	0	2,000
Equipment purchases	90,000	30,000	60,000	140,000	101,666	38,334
Construction, repair, and maintenance	1,244,500	384,706	859,794	885,000	223,253	661,747
Other	15,700	5,642	10,058	16,000	5,412	10,588
Transfers out	34,604	4,700	29,904	38,606	38,606	0
Total Disbursements	2,185,804	1,044,082	1,141,722	1,864,606	1,006,056	858,550
RECEIPTS OVER (UNDER) DISBURSEMENTS	(364,304)	35,478	399,782	(442,106)	(110,035)	332,071
CASH, JANUARY 1	640,707	640,707	0	750,742	750,742	0
CASH, DECEMBER 31	276,403	676,185	399,782	308,636	640,707	332,071
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	105,820	105,067	(753)	110,864	106,299	(4,565)
Interest	0	57	57	0	37	37
Other	1,000	721	(279)	1,000	581	(419)
Transfers in	43,353	15,950	(27,403)	33,500	20,500	(13,000)
Total Receipts	150,173	121,795	(28,378)	145,364	127,417	(17,947)
DISBURSEMENTS						
Assessor	150,081	121,777	28,304	136,474	118,785	17,689
Total Disbursements	150,081	121,777	28,304	136,474	118,785	17,689
RECEIPTS OVER (UNDER) DISBURSEMENTS	92	18	(74)	8,890	8,632	(258)
CASH, JANUARY 1	24	24	0	(8,608)	(8,608)	0
CASH, DECEMBER 31	116	42	(74)	282	24	(258)

Exhibit B

DAVIESS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales and use taxes	235,000	257,934	22,934	247,500	231,343	(16,157)
Intergovernmental	38,163	510	(37,653)	47,000	0	(47,000)
Charges for services	126,000	140,647	14,647	53,410	72,649	19,239
Interest	100	148	48	300	110	(190)
Other	2,800	1,264	(1,536)	1,350	5,633	4,283
Transfers in	0	0	0	0	40,000	40,000
Total Receipts	402,063	400,503	(1,560)	349,560	349,735	175
DISBURSEMENTS						
Salaries	152,700	148,094	4,606	145,792	149,413	(3,621)
Office expense	6,620	7,199	(579)	9,000	6,042	2,958
Equipment	10,570	1,425	9,145	1,250	688	562
Travel	25,900	25,111	789	30,800	32,098	(1,298)
Insurance	34,720	31,626	3,094	28,853	29,271	(418)
Prisoner costs	155,500	140,478	15,022	166,500	163,456	3,044
Other	11,090	10,730	360	10,920	10,930	(10)
Transfers out	0	907	(907)	0	0	0
Total Disbursements	397,100	365,570	31,530	393,115	391,898	1,217
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,963	34,933	29,970	(43,555)	(42,163)	1,392
CASH, JANUARY 1	3,472	3,472	0	45,635	45,635	0
CASH, DECEMBER 31	8,435	38,405	29,970	2,080	3,472	1,392
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	4,000	4,196	196	4,500	3,723	(777)
Interest	40	38	(2)	75	42	(33)
Other	0	0	0	0	250	250
Total Receipts	4,040	4,234	194	4,575	4,015	(560)
DISBURSEMENTS						
Prosecuting Attorney	7,670	3,460	4,210	9,600	5,515	4,085
Total Disbursements	7,670	3,460	4,210	9,600	5,515	4,085
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,630)	774	4,404	(5,025)	(1,500)	3,525
CASH, JANUARY 1	3,631	3,631	0	5,131	5,131	0
CASH, DECEMBER 31	1	4,405	4,404	106	3,631	3,525
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,500	1,048	(452)	1,200	1,096	(104)
Interest	0	3	3	0	1	1
Total Receipts	1,500	1,051	(449)	1,200	1,097	(103)
DISBURSEMENTS						
Sheriff	1,500	733	767	1,400	1,256	144
Total Disbursements	1,500	733	767	1,400	1,256	144
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	318	318	(200)	(159)	41
CASH, JANUARY 1	191	191	0	350	350	0
CASH, DECEMBER 31	191	509	318	150	191	41

Exhibit B

DAVISS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING - POST FUND</u>						
RECEIPTS						
Intergovernmental	2,100	2,806	706	4,000	2,137	(1,863)
Interest	2,400	22	(2,378)	40	24	(16)
Total Receipts	4,500	2,828	(1,672)	4,040	2,161	(1,879)
DISBURSEMENTS						
Sheriff	3,500	2,806	694	4,200	2,136	2,064
Total Disbursements	3,500	2,806	694	4,200	2,136	2,064
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	22	(978)	(160)	25	185
CASH, JANUARY 1	1,428	1,428	0	1,403	1,403	0
CASH, DECEMBER 31	2,428	1,450	(978)	1,243	1,428	185
<u>SHERIFF CIVIL FEE FUND</u>						
RECEIPTS						
Charges for service:	10,000	9,080	(920)	6,000	11,558	5,558
Interest	40	35	(5)	100	40	(60)
Total Receipts	10,040	9,115	(925)	6,100	11,598	5,498
DISBURSEMENTS						
Sheriff	15,000	11,219	3,781	10,000	9,965	35
Total Disbursements	15,000	11,219	3,781	10,000	9,965	35
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,960)	(2,104)	2,856	(3,900)	1,633	5,533
CASH, JANUARY 1	8,689	8,689	0	7,056	7,056	0
CASH, DECEMBER 31	3,729	6,585	2,856	3,156	8,689	5,533
<u>JAIL CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Interest	7,000	4,076	(2,924)	10,000	7,568	(2,432)
Total Receipts	7,000	4,076	(2,924)	10,000	7,568	(2,432)
DISBURSEMENTS						
Other	10,000	0	10,000	0	0	0
Transfers out	0	0	0	100,000	100,000	0
Total Disbursements	10,000	0	10,000	100,000	100,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,000)	4,076	7,076	(90,000)	(92,432)	(2,432)
CASH, JANUARY 1	263,932	263,932	0	356,364	356,364	0
CASH, DECEMBER 31	260,932	268,008	7,076	266,364	263,932	(2,432)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	400	285	(115)	300	350	50
Interest	5	1	(4)	0	3	3
Total Receipts	405	286	(119)	300	353	53
DISBURSEMENTS						
Abuse shelter	450	316	134	600	647	(47)
Total Disbursements	450	316	134	600	647	(47)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(45)	(30)	15	(300)	(294)	6
CASH, JANUARY 1	45	45	0	339	339	0
CASH, DECEMBER 31	0	15	15	39	45	6

Exhibit B

DAVIESS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY CHECK PROCESSING FUND</u>						
RECEIPTS						
Charges for services	7,500	5,605	(1,895)	7,500	5,594	(1,906)
Interest	0	10	10	0	0	0
Total Receipts	7,500	5,615	(1,885)	7,500	5,594	(1,906)
DISBURSEMENTS						
Prosecuting Attorney	9,375	5,282	4,093	8,600	4,693	3,907
Total Disbursements	9,375	5,282	4,093	8,600	4,693	3,907
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,875)	333	2,208	(1,100)	901	2,001
CASH, JANUARY 1	2,200	2,200	0	1,299	1,299	0
CASH, DECEMBER 31	325	2,533	2,208	199	2,200	2,001
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	1,000	1,049	49	1,800	962	(838)
Interest	60	35	(25)	50	95	45
Total Receipts	1,060	1,084	24	1,850	1,057	(793)
DISBURSEMENTS						
County Clerk	3,800	2,405	1,395	6,000	2,607	3,393
Total Disbursements	3,800	2,405	1,395	6,000	2,607	3,393
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,740)	(1,321)	1,419	(4,150)	(1,550)	2,600
CASH, JANUARY 1	2,747	2,747	0	4,297	4,297	0
CASH, DECEMBER 31	7	1,426	1,419	147	2,747	2,600
<u>JACKSON TOWNSHIP GRANT MAINTENANCE FUND</u>						
RECEIPTS						
Intergovernmental	500	980	480	500	500	0
Interest	900	835	(65)	500	855	355
Other	12,000	6,000	(6,000)	12,000	0	(12,000)
Transfers in	4,420	4,700	280	4,420	4,420	0
Total Receipts	17,820	12,515	(5,305)	17,420	5,775	(11,645)
DISBURSEMENTS						
Road maintenance	20,000	0	20,000	0	0	0
Total Disbursements	20,000	0	20,000	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,180)	12,515	14,695	17,420	5,775	(11,645)
CASH, JANUARY 1	46,293	46,293	0	40,518	40,518	0
CASH, DECEMBER 31	44,113	58,808	14,695	57,938	46,293	(11,645)

Exhibit B

DAVISS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
LOCAL EMERGENCY PLANNING COMMITTEE FUND						
RECEIPTS						
Intergovernmental	4,700	5,100	400	1,800	9,265	7,465
Interest	0	41	41	40	17	(23)
Total Receipts	4,700	5,141	441	1,840	9,282	7,442
DISBURSEMENTS						
Training	11,346	5,333	6,013	3,725	4,467	(742)
Total Disbursements	11,346	5,333	6,013	3,725	4,467	(742)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,646)	(192)	6,454	(1,885)	4,815	6,700
CASH, JANUARY 1	7,064	7,064	0	2,249	2,249	0
CASH, DECEMBER 31	418	6,872	6,454	364	7,064	6,700
RECORDER'S USER FEES FUND						
RECEIPTS						
Charges for service:	4,000	5,156	1,156	4,000	5,216	1,216
Interest	300	536	236	0	628	628
Total Receipts	4,300	5,692	1,392	4,000	5,844	1,844
DISBURSEMENTS						
Recorder of Deeds	39,689	6,508	33,181	36,753	3,208	33,545
Total Disbursements	39,689	6,508	33,181	36,753	3,208	33,545
RECEIPTS OVER (UNDER) DISBURSEMENTS	(35,389)	(816)	34,573	(32,753)	2,636	35,389
CASH, JANUARY 1	35,389	35,389	0	32,753	32,753	0
CASH, DECEMBER 31	0	34,573	34,573	0	35,389	35,389
RECORDER TECHNOLOGY FUND						
RECEIPTS						
Charges for service:	2,500	3,476	976	2,500	3,473	973
Interest	15	98	83	0	25	25
Total Receipts	2,515	3,574	1,059	2,500	3,498	998
DISBURSEMENTS						
Recorder of Deeds	10,537	0	10,537	7,024	0	7,024
Total Disbursements	10,537	0	10,537	7,024	0	7,024
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,022)	3,574	11,596	(4,524)	3,498	8,022
CASH, JANUARY 1	8,022	8,022	0	4,524	4,524	0
CASH, DECEMBER 31	0	11,596	11,596	0	8,022	8,022

Exhibit B

DAVIESS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CARE CENTER LEASE FUND</u>						
RECEIPTS						
Interest	3,500	3,951	451	4,500	3,644	(856)
Total Receipts	3,500	3,951	451	4,500	3,644	(856)
DISBURSEMENTS						
Property management	10,000	0	10,000	10,000	0	10,000
Total Disbursements	10,000	0	10,000	10,000	0	10,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,500)	3,951	10,451	(5,500)	3,644	9,144
CASH, JANUARY 1	239,432	239,432	0	235,788	235,788	0
CASH, DECEMBER 31	232,932	243,383	10,451	230,288	239,432	9,144
<u>HEALTH CARE RESERVE FUND</u>						
RECEIPTS						
Interest	1,500	291	(1,209)	650	1,702	1,052
Total Receipts	1,500	291	(1,209)	650	1,702	1,052
DISBURSEMENTS						
Health care	20,000	0	20,000	20,000	320	19,680
Total Disbursements	20,000	0	20,000	20,000	320	19,680
RECEIPTS OVER (UNDER) DISBURSEMENTS	(18,500)	291	18,791	(19,350)	1,382	20,732
CASH, JANUARY 1	38,657	38,657	0	37,275	37,275	0
CASH, DECEMBER 31	20,157	38,948	18,791	17,925	38,657	20,732
<u>FRAZIER TRUST FUND</u>						
RECEIPTS						
Interest	300	250	(50)	300	336	36
Total Receipts	300	250	(50)	300	336	36
DISBURSEMENTS						
School supplies	800	445	355	400	0	400
Total Disbursements	800	445	355	400	0	400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(195)	305	(100)	336	436
CASH, JANUARY 1	15,819	15,819	0	15,483	15,483	0
CASH, DECEMBER 31	15,319	15,624	305	15,383	15,819	436
<u>SHERIFF FORFEITURES FUND</u>						
RECEIPTS						
Interest	6	7	1	10	7	(3)
Total Receipts	6	7	1	10	7	(3)
DISBURSEMENTS						
Sheriff	600	0	600	600	0	600
Total Disbursements	600	0	600	600	0	600
RECEIPTS OVER (UNDER) DISBURSEMENTS	(594)	7	601	(590)	7	597
CASH, JANUARY 1	642	642	0	635	635	0
CASH, DECEMBER 31	48	649	601	45	642	597

Exhibit B

DAVIESS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>MAYS ESTATE FUND</u>						
RECEIPTS						
Interest	300	251	(49)	350	328	(22)
Total Receipts	300	251	(49)	350	328	(22)
DISBURSEMENTS						
Equipment	13,000	3,270	9,730	13,000	0	13,000
Total Disbursements	13,000	3,270	9,730	13,000	0	13,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,700)	(3,019)	9,681	(12,650)	328	12,978
CASH, JANUARY 1	15,392	15,392	0	15,064	15,064	0
CASH, DECEMBER 31	2,692	12,373	9,681	2,414	15,392	12,978
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	0	0	0
Total Receipts	0	0	0	0	0	0
DISBURSEMENTS						
Prosecuting Attorney	2	0	2	0	0	0
Total Disbursements	2	0	2	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2)	0	2	0	0	0
CASH, JANUARY 1	2	2	0	2	2	0
CASH, DECEMBER 31	0	2	2	2	2	0
<u>COLLECTOR'S TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	7,500	8,970	1,470	2,500	8,650	6,150
Interest	0	89	89	50	0	(50)
Total Receipts	7,500	9,059	1,559	2,550	8,650	6,100
DISBURSEMENTS						
Ex Officio County Collector	10,920	2,349	8,571	1,000	0	1,000
Total Disbursements	10,920	2,349	8,571	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,420)	6,710	10,130	1,550	8,650	7,100
CASH, JANUARY 1	8,650	8,650	0	0	0	0
CASH, DECEMBER 31	5,230	15,360	10,130	1,550	8,650	7,100
<u>PROSECUTING ATTORNEY FORFEITURES FUND</u>						
RECEIPTS						
Interest	8	3	(5)	2	4	2
Total Receipts	8	3	(5)	2	4	2
DISBURSEMENTS						
Prosecuting Attorney	300	0	300	288	0	288
Total Disbursements	300	0	300	288	0	288
RECEIPTS OVER (UNDER) DISBURSEMENTS	(292)	3	295	(286)	4	290
CASH, JANUARY 1	292	292	0	288	288	0
CASH, DECEMBER 31	0	295	295	2	292	290

Exhibit B

DAVISS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CANNON FUND</u>						
RECEIPTS						
Interest	0	47	47			
Other	30,000	28,285	(1,715)			
Transfers in	7,500	7,500	0			
Total Receipts	37,500	35,832	(1,668)			
DISBURSEMENTS						
Restoration	33,500	25,230	8,270			
Total Disbursements	33,500	25,230	8,270			
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,000	10,602	6,602			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	4,000	10,602	6,602			
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	193,000	203,495	10,495	165,000	192,306	27,306
Intergovernmental	134,700	130,601	(4,099)	135,500	146,580	11,080
Charges for services	64,500	62,369	(2,131)	58,000	74,396	16,396
Interest	4,700	4,613	(87)	5,500	4,247	(1,253)
Other	18,550	15,636	(2,914)	17,200	14,775	(2,425)
Total Receipts	415,450	416,714	1,264	381,200	432,304	51,104
DISBURSEMENTS						
Salaries	292,936	281,369	11,567	243,100	261,116	(18,016)
Office expenditure:	19,650	14,111	5,539	16,500	18,176	(1,676)
Mileage and training	13,700	9,098	4,602	7,200	9,680	(2,480)
Contract	22,900	20,396	2,504	39,850	22,456	17,394
Health Education	10,150	7,029	3,121	10,500	8,890	1,610
Medical supplies	15,700	13,468	2,232	13,500	14,555	(1,055)
Capital projects	6,000	570	5,430	7,500	0	7,500
Other	24,150	21,558	2,592	20,000	20,349	(349)
Total Disbursements	405,186	367,599	37,587	358,150	355,222	2,928
RECEIPTS OVER (UNDER) DISBURSEMENTS	10,264	49,115	38,851	23,050	77,082	54,032
CASH, JANUARY 1	248,366	248,366	0	171,284	171,284	0
CASH, DECEMBER 31	258,630	297,481	38,851	194,334	248,366	54,032

Exhibit B

DAVIESS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CENTRAL DISPATCH EMERGENCY SERVICES FUND</u>						
RECEIPTS						
Sales and use taxes	235,000	257,934	22,934	230,000	231,402	1,402
Interest	5,250	4,074	(1,176)	8,000	5,257	(2,743)
Other	5,000	2,015	(2,985)	2,000	3,163	1,163
Total Receipts	245,250	264,023	18,773	240,000	239,822	(178)
DISBURSEMENTS						
Salaries	172,547	167,121	5,426	146,737	146,077	660
Office supplies	10,900	8,543	2,357	11,000	8,854	2,146
Equipment/maintenance & repair	7,500	1,400	6,100	7,500	6,919	581
Mileage and training	4,000	3,828	172	5,180	3,440	1,740
Other	68,000	54,723	13,277	67,450	53,097	14,353
Capital expenditures	13,000	3,662	9,338	56,500	43,435	13,065
Total Disbursements	275,947	239,277	36,670	294,367	261,822	32,545
RECEIPTS OVER (UNDER) DISBURSEMENTS	(30,697)	24,746	55,443	(54,367)	(22,000)	32,367
CASH, JANUARY 1	375,593	370,643	(4,950)	352,643	392,643	40,000
CASH, DECEMBER 31	344,896	395,389	50,493	298,276	370,643	72,367
<u>DEVELOPMENTALLY DISABLED FUND</u>						
RECEIPTS						
Property taxes	74,350	77,752	3,402	75,000	73,622	(1,378)
Intergovernmental	6	346	340	27	728	701
Interest	2,070	2,284	214	2,533	3,073	540
Total Receipts	76,426	80,382	3,956	77,560	77,423	(137)
DISBURSEMENTS						
Proposals	225,580	56,853	168,727	210,580	49,380	161,200
Equipment	3,000	0	3,000	3,000	0	3,000
Operating expense	6,420	16,000	(9,580)	6,420	13,528	(7,108)
Total Disbursements	235,000	72,853	162,147	220,000	62,908	157,092
RECEIPTS OVER (UNDER) DISBURSEMENTS	(158,574)	7,529	166,103	(142,440)	14,515	156,955
CASH, JANUARY 1	164,759	164,759	0	150,244	150,244	0
CASH, DECEMBER 31	6,185	172,288	166,103	7,804	164,759	156,955
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	720	552	(168)			
Total Receipts	720	552	(168)			
DISBURSEMENTS						
Circuit Clerk	6,956	24	6,932			
Total Disbursements	6,956	24	6,932			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,236)	528	6,764			
CASH, JANUARY 1	6,236	6,236	0			
CASH, DECEMBER 31	0	6,764	6,764			

Exhibit B

DAVIESS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,					
2004			2003		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>					
RECEIPTS					
Charges for services			3,500	3,865	365
Total Receipts			3,500	3,865	365
DISBURSEMENTS					
Reference materials			3,500	3,327	173
Total Disbursements			3,500	3,327	173
RECEIPTS OVER (UNDER) DISBURSEMENTS			0	538	538
CASH, JANUARY 1			802	802	0
CASH, DECEMBER 31			802	1,340	538

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

DAVIESS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Daviess County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Central Dispatch for Emergency Services Board, the Health Center Board, or the Developmentally Disabled Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2003
Associate Circuit Interest Fund	2004 and 2003
Election HAVA Fund	2004
Law Enforcement Block Grant Fund	2004
Law Library Fund	2004

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the Domestic Violence Fund and the Local Emergency Planning Committee Fund in 2003.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Developmentally Disabled Fund	2004 and 2003
Circuit Clerk Interest Fund	2004 and 2003
Associate Circuit Interest Fund	2004 and 2003
Law Library Fund	2004 and 2003

In addition, for the Central Dispatch Emergency Fund, the county's published financial statements for the years ended December 31, 2004, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the Ex Officio County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the Ex Officio County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 2004, \$2,187,250 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name and \$1,411,617 was uninsured and uncollateralized.

Of the county's bank balance at December 31, 2003, \$2,253,489 was covered by federal depositary insurance or by collateral securities pledged by one bank and held by a correspondent bank in the name of the depositary bank's customers and \$705,900 was uninsured and uncollateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances were substantially higher at those times than such amounts at year-end.

The Health Center Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by a correspondent bank in the name of the depositary bank's customers.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

The Developmentally Disabled Board's and the Central Dispatch Emergency Services Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by a correspondent bank in the name of the depositary bank's customers.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustments

The Law Enforcement Sales Tax Fund's cash balance at January 1, 2003, as previously stated has been increased by \$1,884 to agree to the cash balance of the County Treasurer.

The Prosecuting Attorney Administrative Fund's and Bond Forfeiture Fund's cash balances of \$37 and \$1,462, respectively, at January 1, 2003, were previously reported but have been removed as these are not considered county operating funds.

Supplementary Schedule

Schedule

 DAVIESS COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-4130	\$ 26,581	25,574
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety			
16.592	Local Law Enforcement Block Grants Program	2003-LBG-021	8,163	0
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-031(18)	0	1,812
		BRO-031(20)	395	0
		BRO-031(21)	0	862
		BRO-031(22)	6,196	181,660
		BRO-031(23)	319,983	17,659
		BRO-031(24)	17,024	12,905
		BRO-031(25)	34,300	0
	Program Total		<u>377,898</u>	<u>214,898</u>
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	0	3,788
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	0	62
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-3130L	0	1,725
93.268	Immunization Grants	N/A	46,851	35,502
		PGA064-4130A	50	3,550
	Program Total		<u>46,901</u>	<u>39,052</u>

Schedule

DAVIESS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
93.283	Bioterrorism Enhanced Communications Contrac	DH030089001	6,556	6,700
93.575	Child Care and Development Block Gran	PGA067-4130S PGA067-4130C	1,095	685
93.945	Assistance Programs for Chronic Disease Preventio and Control	DH030050002	0	5,000
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-4130M	14,251	11,861
Total Expenditures of Federal Award:			\$ <u>481,445</u>	<u>309,345</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedul

Notes to the Supplementary Schedule

DAVIESS COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Daviess County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of the property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2004 and 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Daviess County, Missouri

Compliance

We have audited the compliance of Daviess County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Daviess County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2004 and 2003.

Internal Control Over Compliance

The management of Daviess County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Daviess County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 21, 2005 (fieldwork completion date)

Schedule

DAVIESS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major program:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? yes x no

Identification of major program:

CFDA or Other Identifying Number	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DAVIESS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Daviess County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2002.

02-1. Special Road and Bridge Administrative Service Fee

The county had transferred \$47,000 more to General Revenue Fund from the Special Road and Bridge Fund than would have been transferred had a more reasonable budget estimate or actual disbursements been used.

Recommendation:

Review procedures used to establish the annual Special Road and Bridge Fund budget and prepare more reasonable budgets. The County Commission should also limit the administrative service fee to 3 percent of actual or reasonable budgeted expenditures of that fund.

Status:

Partially implemented. The county has changed its procedures in calculating the administrative service fee. However, the budget estimates for the Special Road and Bridge Fund still do not appear reasonable and the General Revenue Fund still owes the Special Road and Bridge Fund for the excess monies transferred. See Management Advisory Report (MAR) finding number 1.

02-2. Closed Meeting Minutes

Minutes were not maintained for the closed portions of meetings. In addition, the actions taken by the Commission in closed meeting were not generally recorded in the regular minutes.

Recommendation:

Ensure minutes are prepared, approved, and retained for all closed meetings.

Status:

Not implemented. See MAR finding number 6.

02-3. Budgetary Practices

- A. Budgets were not adopted for all county funds.
- B. Several county funds overspent their budgets.

Recommendations:

- A. Adopt a budget for all funds.
- B. Warrants not be issued in excess of budgeted funds.

Status:

- A. Not implemented. Budgets were not prepared for the Law Enforcement Block Grant Fund and the Associate Interest Fund for either 2003 or 2004. The Law Library Fund and Election HAVA Fund were not budgeted in 2004 and the Circuit Clerk's Interest Fund was not budgeted in 2003. Although not repeated in the current MAR, the recommendation remains as stated above.
- B. Not implemented. The Domestic Violence Fund and the Local Emergency Planning Committee Funds both overspent their budgets in 2003. Although not repeated in the current MAR, the recommendation remains as stated above.

02-4. Published Financial Statements

The County's published financial statements did not contain all county funds.

Recommendation:

Ensure financial information for all county funds be properly reported in the annual published financial statements.

Status:

Not implemented. Some smaller funds were still omitted from the published financial statements. Although not repeated in the current MAR, the recommendation remains as stated above.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

DAVIESS COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DAVIESS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Daviess County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 21, 2005. We also have audited the compliance of Daviess County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 21, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Daviess County or of its compliance with the types of compliance requirements applicable to its major federal program but do

not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Special Road and Bridge Administrative Service Fee
--

As similarly discussed in a prior report, the county has been significantly overestimating the amounts budgeted for Special Road and Bridge Fund expenditures for several years. As Exhibit B illustrates, budgeted expenditures exceeded actual expenditures during the years ended December 31, 2004 and 2003, by \$1,141,722 and \$858,550, respectively. The County Commission indicated part of the reason for the significant difference between budgeted and actual expenditures is delays in the start or completion of anticipated bridge projects. In addition, it appears some new bridge projects are budgeted in full even if only a portion of the project will be completed in the budget year. The uncompleted portions of projects are budgeted again in the subsequent year.

Such budgeting procedures do not allow for proper monitoring and use of the budget as a management tool. Additionally, having a larger budget has allowed the county to over transfer a total of \$51,300 during the six years ended December 31, 2004 to the General Revenue Fund. Section 50.515, RSMo, authorizes the county to impose an administrative service fee on the Special Road and Bridge Fund. The fee is statutorily limited to a maximum of three percent of the budget of the Special Road and Bridge Fund (amended to five percent, effective August 28, 2004). Because estimates of expenditures for the Special Road and Bridge Fund were significantly in excess of actual expenditures, the amounts transferred to the General Revenue Fund during 2001 and prior years were approximately \$46,400 higher than they would have been had the transfers been based on actual expenditures or more reasonable budgeted amounts. The county did change this policy in 2002 and started basing the transfers on the prior year's total actual expenditures, including the transfer made the previous year, rather than on the budgeted amounts. This resulted in the amounts being transferred for the years 2004, 2003, and 2002 being only \$4,900 more than allowed. The actual transfer for 2004 was made in January 2005. In total, the county has transferred \$51,300 in excess of 3 percent of actual expenditures which is due from the General Revenue Fund to the Special Road and Bridge Fund.

WE AGAIN RECOMMEND the County Commission review procedures used to establish the annual Special Road and Bridge Fund budget and prepare more reasonable budgets. In addition, a transfer of approximately \$51,300 should be made from the General Revenue Fund to the Special Road and Bridge Fund.

AUDITEE'S RESPONSE

We will attempt to do a better job of budgeting the Special Road and Bridge Fund in the future, and will forego making an administrative transfer until the liability is resolved.

2. Townships' Published Financial Statements

The County Clerk does not ensure the township boards' financial statements are prepared and published. Only eight of fifteen townships prepared a financial statement and filed it with the county for 2004. In addition, none of the townships provided proof of publication of their financial statement to the County Clerk.

Section 231.290, RSMo, requires the County Clerk to prepare a form to be utilized by the townships to provide a detailed account of their financial activity, along with an inventory of the townships property, which should be published in a local newspaper and filed with the County Clerk. Section 231.280, RSMo, requires each township to annually publish certain financial information and submit a copy of the published financial report to the County Clerk.

WE RECOMMEND the County Clerk ensure all townships file their detailed financial statements with the county and publish them in a local newspaper in accordance with state law.

AUDITEE'S RESPONSE

I will attempt to get the townships to file the required information.

3. Capital Assets

The county has not established a written policy related to the handling and accounting for capital assets. Per Section 49.091, RSMo, the County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, Section 49.093, RSMo, provides that the officer or their designee is responsible for performing periodic inventories and inspections. Currently, the County Clerk maintains a master listing of capital assets. Each official is supposed to do an annual physical inventory of their assets, and submit the listing to the County Clerk for updating of the master listing.

- Results of annual physical inventories are not submitted to the County Clerk by all offices. The last physical inventory was conducted in 2004, but the results of those inventories were not submitted by some offices.
- The county does not have formal procedures for disposing of county owned property. Written authorization is not obtained from the County Commission. Currently, when an item is no longer needed or useful, the officeholder or department head will dispose of the property or place an item in storage without getting written approval from the County Commission. As a result, the County Commission and the County Clerk are not always aware of the disposal and may not remove the item from the capital asset records. Written authorization for the disposal of property is necessary

to lessen the possibility of misuse and to provide adequate support for changes to the capital asset records.

- Capital asset expenditures are not reconciled to additions to the capital asset records.
- The County Clerk's master capital asset listing does not always include all information applicable to the item. Information such as serial numbers, acquisition/disposition dates, and purchase price or value is not always recorded for each item.

Adequate capital asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Annual physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

WE RECOMMEND the County Commission establish a written policy related to handling and accounting for capital assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

AUDITEE'S RESPONSE

We will begin to discuss procedures to account for capital assets and will prepare a policy by February 1, 2006.

4. Collateral Securities

Collateral securities pledged by county's depository bank to cover deposits of the County Treasurer were insufficient by approximately \$1,412,000 and \$706,000 on December 31, 2004 and 2003, respectively. The county apparently has not adequately monitored the level of bank activity.

Section 110.020, RSMo, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the Federal Deposit Insurance Corporation. Inadequate collateral securities leave the county's funds unsecured and subject to loss in the event of a bank failure. To ensure sufficient collateral securities are pledged, the county should monitor the level of bank activity and notify the depository banks when additional securities need to be pledged.

WE RECOMMEND the County Commission ensure adequate collateral securities are pledged to protect the county's funds. This can be done by monitoring bank activity and

providing timely notice to the depository banks of the need for additional collateral securities to be pledged.

AUDITEE'S RESPONSE

We will discuss this situation with the County Treasurer, and will ensure this is done in the future.

5. Closed Meeting Minutes

As similarly noted in prior audit reports, minutes are not being maintained for closed sessions of the County Commission. Section 610.021, RSMo, allows the County Commission to close meetings to the extent the meetings relate to certain subjects, including litigation, real estate transactions, and personnel matters. Section 610.020, RSMo was amended in August 2004 to require minutes to be maintained for closed meetings. The County Commission held several closed sessions during the two years ended December 31, 2004, several of which were held after the new law became effective, and while the regular meeting minutes did appear to disclose the reason for entering into closed session, minutes were not maintained for the closed portion of the meetings. Minutes constitute the official record of proceedings of the County Commission. Failure to maintain accurate minutes results in an inadequate record of the County Commission's actions, proceedings, and decisions. In addition, without adequate minutes, the County Commission cannot demonstrate that actions taken or business conducted during closed sessions related solely to the specific allowable reason announced for closing the meeting.

WE AGAIN RECOMMEND the County Clerk ensure minutes are prepared, approved, and retained for all closed meetings.

AUDITEE'S RESPONSE

I am now doing this.

6. Health Center's Accounting Controls and Procedures
--

Health Center procedures related to capital assets, acknowledgment of receipt of goods and services, and the petty cash fund are in need of improvement. In addition, timesheets are not signed by employees and the approval of employees' timesheets is not documented.

- A. The Health Center maintains a master listing of capital assets. Our review of the capital asset records indicated the following areas where improvements are needed:
- Property tags are not placed on capital assets as they are received. Two items, a projector and a computer, had the same number on their property tags and only the projector was included on the capital asset records.

- The capital asset listing does not always include all information applicable to the item. Information such as serial numbers, acquisition/disposition dates, and purchase price or value is not always recorded.
- Physical inventories are not conducted annually. A copier and a fax machine were included in the Health Center Board minutes as being disposed of in May 2004, but are still listed on the current capital asset records.
- Capital asset expenditures are not reconciled to additions to the capital asset records.

Adequate capital asset records and procedures are necessary to secure better internal controls over Health Center property and provide a basis for determining proper insurance coverage of Health Center property.

- B. The Health Center does not require acknowledgment of receipt of goods or services to be noted on the invoices. Various invoices for the purchase of office and medical supplies did not indicate the supplies were actually received. Indication of receipt of goods or services is necessary to ensure that amounts presented for payment represent legitimate operating costs of the Health Center.
- C. The Health Center maintains a petty cash fund which is used to make small purchases and to pay for postage. Approximately \$418 was spent during 2004 and 2003 from petty cash.
- No ledger is maintained for the petty cash fund. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis, and all reimbursements should be supported by vendor invoices or other adequate documentation.
 - A review of the reimbursements for petty cash revealed that the Health Center was paying for various items which do not appear necessary for the operation of the Health Center. Some of these items included bottled water, paper goods, and flowers. These types of expenditures do not appear to be a prudent use of health center funds. The Health Center Board should ensure that funds are only spent on items which are necessary and beneficial to county residents.
- D. Employee timesheets are not signed by the employee, and are not approved and signed by a supervisor. In addition the payroll clerk does not initial changes made by her on employees timesheets due to calculation errors made by employees. Employee timesheets should be signed by the employee and include documentation of supervisory approval to ensure all salary payments are based upon hours actually worked.

WE RECOMMEND the Health Center Board:

- A. Ensure annual physical inventories are performed, that capital asset additions be assigned a property tag number and recorded as they occur, and reconcile additions to the property records periodically. In addition, the original cost of all capital assets should be added to the capital assets records as well as the acquisition/disposition dates and method of disposition.
- B. Require evidence of receipt of goods or services on each invoice before approving payment.
- C.1. Maintain the petty cash fund on an imprest basis. A log of petty cash fund transactions, including invoices for expenditures, should be maintained to properly document the financial activity of the fund.
- 2. Ensure all expenditures are reasonable and necessary and a prudent use of public funds.
- D. Ensure employee timesheets are signed by the employee and require documentation of the administrator's approval on all timesheets as well as documentation of approval for corrections made.

AUDITEE'S RESPONSE

- A. *We are in the process of updating our capital asset records and will ensure physical inventories are done periodically.*
- B&D. *These have been implemented.*
- C.1. *We will discuss procedures with the administrator and determine what changes, if any, are needed.*
- 2. *We will take this under advisement.*

7. Developmentally Disabled Board

The Developmentally Disabled Board could not locate all of the board minutes and did not adequately maintain documentation for bid selection or to support all expenditures.

- A. The Developmentally Disabled Board could not locate board minutes for five of the monthly meetings during the two years ending December 31, 2004.

In addition to being required by state law, minutes serve as the only official permanent public record of decisions made by the board. Section 610.010, RSMo,

requires a journal or minutes of meetings shall be taken and maintained by public governmental bodies.

- B. A request for monies to build a fence was submitted to the board by a citizen. While three bids were attached, the low bid was not accepted.. The low bid was \$5,292, but a bid for \$5,800 was accepted. No documentation was maintained that provided the basis and justification for awarding the contract to a vendor other than the lowest bidder.

Justification for selecting a higher bid should be thoroughly documented to provide assurance the purchase was handled properly and the bid selected was the lowest and best.

- C. Adequate documentation is not retained to support some expenditures made. Of five expenditures selected for review, supporting documentation such as an invoice, could not be located for three. These expenditures were \$1,052 for a basketball goal and materials, \$2,655 for the remodeling of a room, and \$1,195 for a computer.

All disbursements should be supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure the purchase is a proper disbursement of Developmentally Disabled Board funds.

WE RECOMMEND the Developmentally Disabled Board:

- A. Ensure official minutes are retained in a permanent record as required by state law.
- B. Maintain adequate documentation of bid awards, particularly in those cases where the lowest bid is not accepted.
- C. Ensure adequate documentation is obtained to support all expenditures.

AUDITEE'S RESPONSE

- A. *We will ensure these are maintained in the future.*
- B. *We will ensure better documentation is maintained on bid selection in the future.*
- C. *We agree and will ensure adequate documentation is maintained for future purchases.*

8. Central Dispatch for Emergency Services Board

Concerns with the Central Dispatch for Emergency Services (CDES) Board's procedures include closed meeting minutes which lack detail, timesheets which are not approved and signed by employees' supervisor, and capital asset records which are not adequate.

- A. The Board held several closed session meetings during the two years ended December 31, 2004. Although notes are recorded to document the discussions in these closed sessions, these notes did not contain sufficient detail of matters discussed and action taken. Section 610.021, RSMo, allows the Board to close meetings to the extent the meetings relate to certain subjects, including litigation, real estate transactions, and personnel matters. Section 610.020, RSMo was amended in August 2004 to require minutes to be maintained for closed meetings. Minutes constitute the official record of proceedings of the Board. Failure to maintain accurate minutes results in an inadequate record of the Board's actions, proceedings, and decisions. In addition, without adequate minutes, the Board cannot demonstrate that actions taken or business conducted during closed sessions related solely to the specific allowable reason announced for closing the meeting.
- B. Employee timesheets are not approved and signed by the employees' supervisor. In addition, the 911 Supervisor is not filling out a timesheet. Without timesheets, the Board cannot adequately monitor the number of hours worked or the amount of leave used.

Timesheets should be prepared by all employees and signed by a supervisor to provide supporting documentation to the Board that payroll disbursements are valid and proper. In addition, the Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken or paid.

- C. Capital asset records are not maintained and property tags are not affixed to all assets. Adequate capital asset records are necessary to secure better internal control over CDES Board property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on property. In addition, property control tags should be affixed to all capital assets to help improve accountability over these items and help ensure that assets are not lost or stolen.

WE RECOMMEND the Central Dispatch for Emergency Services Board:

- A. Ensure closed meeting minutes clearly document all business conducted.
- B. Ensure timesheets are prepared by all employees and require documentation of the supervisor's approval on all timesheets.

- C. Establish records to account for capital assets, and identify all capital assets with a number, tag, or similar identifying device.

AUDITEE'S RESPONSE

A,B

&C. *We agree and have already implemented these recommendations.*

9. Sheriff's Controls and Procedures

Concerns with the Sheriff's procedures include not always turning over the calendar sale proceeds to the County Treasurer and not having adequate controls established over seized property.

- A. Calendar sale proceeds are not always being turned over to the County Treasurer. We noted at least \$765 in proceeds from the sale of advertising space on a calendar featuring the Sheriff's department employees which were deposited into his regular fee account. Rather than treating those funds as an accountable fee, the Sheriff retained some of those monies to pay for office supplies and cell phone bills, and turned the remainder over to the County Treasurer at month end along with other fees collected.

These monies represent accountable fees which should be turned over to the County Treasurer. The Sheriff has no statutory authority to maintain such an account outside the county treasury. In addition, Attorney General's Opinion No. 45, 1992 to Henderson, states, "...sheriffs of third class counties are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury.

- B. Adequate control over seized property has not been established. Current procedures have each deputy responsible for bringing in seized items and posting them to the log. All officers have access to the vault where items are stored and there are no procedures in place to keep track of who enters the room. Periodic physical inventories of the property on hand are not conducted.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory record should include information such as description of the property, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record when evidence is removed from the room and access to the room should be limited. Periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

WE RECOMMEND the Sheriff:

- A. In the future, turn over all accountable fees to the County Treasurer.
- B. Limit access to the seized property room and perform periodic physical inventories and compare the results to the inventory records.

AUDITEE'S RESPONSE

- A. *I will discuss this situation with the County Commission and Prosecuting Attorney and will determine the best method of accounting for these funds.*
- B. *I have assigned an officer to perform periodic reconciliations, but considering the size of my staff it would be inefficient to try to limit access to seized property.*

Follow-Up on Prior Audit Findings

DAVIESS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Daviess County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Special Road and Bridge Fund Administrative Service Fee

The budgets for the Special Road and Bridge Fund did not present a reasonable estimate of the fund's expenditures and, had a more reasonable budget estimate been used or actual disbursements, the transfer amounts to the General Revenue Fund would have been approximately \$15,000 less.

Recommendation:

The County Commission review procedures used to establish the annual Special Road and Bridge Fund budget and prepare more reasonable budgets. The County Commission should also limit the administrative service fee to 3 percent of actual or reasonable budgeted expenditures of that fund.

Status:

Not implemented. See MAR finding 1.

2. Central Dispatch for Emergency Services Board

- A. Actual expenditures exceeded budgeted amounts.
- B. The CDES Board's budgets were not complete or accurate.

Recommendations:

The Central Dispatch for Emergency Services Board:

- A. Keep expenditures within budgetary limits. Extenuating circumstances should be fully documented and budgets properly revised. In addition, ensure maintenance of accurate accounting records and an effective financial reporting system to accurately monitor budgeted and actual financial activity.
- B. Ensure budgets are accurate and complete.

Status:

- A. Implemented.
- B. Partially implemented. Monies in certificates of deposits are not included in the fund balance but are listed on the summary page as other net resources available. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Closed Meeting Minutes

Minutes were not maintained for the closed portion of the Commission meetings. In addition, the actions taken by the commission in closed meetings were not generally recorded in the regular minutes.

Recommendation:

The County Clerk ensure minutes are prepared, approved, and retained for all closed meetings.

Status:

Not implemented. See MAR finding 5.

4. Ex Officio Recorder of Deeds Accounting Controls and Procedures

- A. Receipts were not deposited intact. Cash was withheld from deposits to make cash refunds and pay out passport fees to the Ex Officio Recorder of Deeds.
- B. Copy monies received were held until the end of the month and put into a change fund to use as a petty cash fund.
- C. The method of payment received (cash, check, or money order) was not recorded on the Ex Officio Recorder of Deeds' abstract of fees.

Recommendations:

The Ex Officio Recorder of Deeds:

- A. Deposit all monies intact and write checks for all disbursements.
- B. Maintain the petty cash fund on an imprest basis. If this is not possible, at a minimum, the amount of copy monies received and reported on the worksheets should be reconciled to deposits.

- C. Record the method of payment on the receipt records and reconcile the cash, checks, and money orders received to the composition of bank deposits.

Status:

- A. Partially implemented. The Recorder's office discontinued handling passport fees when the office was split from the Circuit Clerk's Office, effective January 1, 2003. However, the current Recorder of Deeds did not discontinue the practice of making cash refunds for overpayments until January 2005. Although not repeated in the current MAR, our recommendation remains as stated above.

B&C. Implemented.

5. Health Center Board

- A. The Board gave employee bonuses.
- B. Minutes were not prepared to document the matters discussed in closed meetings and board minutes did not always indicate the reasons for closing the meetings. In addition, the actions taken by the board in closed meetings are not generally recorded in the regular minutes.

Recommendations:

The Health Center Board:

- A. Discontinue the practice of paying employee bonuses.
- B. Ensure minutes are prepared for all closed meetings. In addition, board minutes should document the reasons for closing the meeting and decisions made in closed session should be disclosed in open session.

Status:

A&B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DAVIESS COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1836, the county of Daviess was named after Colonel J. H. Daviess of Kentucky. Daviess County is a township-organized, third-class county and is part of the Forty-Third Judicial Circuit. The county seat is Gallatin.

Daviess County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 356 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain approximately 759 miles of county roads.

The county's population was 8,905 in 1980 and 8,016 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2004	2003	2002	2001	1985* 1980**
		(in millions)				
Real estate	\$	52.4	50.8	48.5	46.8	33.7 23.9
Personal property		20.9	20.8	20.0	19.7	8.2 7.9
Railroad and utilities		6.4	5.6	5.5	5.9	5.1 4.1
Total	\$	79.7	77.2	74.0	72.4	47.0 35.9

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Daviess County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$.2900	.2900	.2900	.2900
Health Center Fund		.2600	.2600	.2600	.2600
Senate Bill 40 Board Fund		.1000	.1000	.1000	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
State of Missouri	\$ 24,497	23,885	22,276	21,637
General Revenue Fund	236,774	231,206	215,353	209,509
Assessment Fund	66,450	52,910	49,824	47,500
Health Center Fund	208,112	202,349	188,071	176,206
Developmentally Disabled Fund	79,956	78,088	72,855	70,596
School districts	3,439,980	3,357,831	3,168,098	3,074,102
Library district	158,995	155,632	145,253	142,131
Ambulance districts	237,059	259,109	243,588	236,525
Fire protection districts	191,701	187,290	172,152	162,657
Townships	70,413	68,991	64,441	62,727
Township road and bridge	515,661	503,502	463,071	460,876
Watershed districts	5,998	4,523	4,504	4,233
Special Road Bonds Fund	41,727	82,690	83,570	76,607
Nursing Home Debt Service Fund	0	4	21	46
Cities	111,168	106,291	97,984	11,636
County Clerk	96	98	242	247
County Employees' Retirement	28,444	27,518	23,331	20,846
Tax Maintenance Fund	9,097	9,536	400	0
Commissions and fees:				
Township Collectors	45,999	45,417	43,992	42,409
General Revenue Fund	37,433	37,962	31,409	29,842
Total	\$ 5,509,560	5,434,832	5,090,435	4,850,332

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2004	2003	2002	2001	
Real estate	94	94	93	93	%
Personal property	88	88	88	87	
Railroad and utilities	100	99	98	96	

Daviess County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	%
General	\$.005	None	None	
Law Enforcement	.005	None	None	
911	.005	None	None	
Use Tax	.015	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
David Tolen, Presiding Commissioner		27,709	27,171	26,438	25,705
David Holcomb, Associate Commissioner		24,953	24,459	23,786	23,113
Danny Heldenbrand, Associate Commissioner		24,953	24,459	23,786	23,113
Georgia Maxwell, Recorder of Deeds (1)		35,768	35,020		
Linda Steward, County Clerk		38,544	37,796	36,776	35,756
Julia Filley, Prosecuting Attorney		46,489	45,587	44,357	43,127
Kevin Heldenbrand, Sheriff		43,368	42,510	41,340	40,170
David McWilliams, County Coroner		10,573	10,364	4,764	
Wallace R. Greene, County Coroner				3,973	9,785
Vicki J. Corwin, Public Administrator (2)		16,707	16,377	15,900	15,540
Reta Rains, Treasurer and Ex Officio County Collector, year ended March 31,	37,298	36,737	3,046		
Judy Carder, Treasurer and Ex Officio County Collector, year ended March 31			29,693	35,148	
Betty Harmison, County Assessor (3), year ended August 31,		39,555	38,840		
Thomas Everly, County Assessor (4), year ended August 31,				37,824	36,764

(1) Separated from Circuit Clerk's office in 2003.

(2) Effective January 2001, the Public Administrator elected to change from a fee basis to a salary basis.

(3) Includes \$746 and \$866 annual compensation received from the state in 2004 and 2003, respectively.

(4) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Linda Adkins, Circuit Clerk	47,900	47,300	47,300	47,300
Daren Adkins, Associate Circuit Judge	96,000	96,000	96,000	96,000